

## Message Text

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ACTION IO-14

INFO OCT-01 ISO-00 SCI-06 AID-20 AF-10 ARA-16 EA-11 EUR-25

NEA-10 RSC-01 OMB-01 TRSE-00 ABF-01 HEW-08 SS-20

NSC-10 L-03 OIC-04 H-03 PRS-01 PA-04 USIA-15 CIAE-00

INR-10 NSAE-00 /194 W

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P 151545Z JAN 74

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 3373

UNCLAS GENEVA 221

E.O. 11652: N/A

TAGS: WHO

SUBJECT: WHO: 53RD EXBD SESSION

REF: STATE 7780

1. U.S. REPRESENTATIVE 53RD EXBD MET WITH WHO ASSISTANT BG FURTH ON JANUARY 14 AND EXPLORED IN EXTENSIVE DETAIL QUESTION OF EXCHANGE RATE USED IN COMPUTATION OF 1975 PROGRAM AND BUDGET PROPOSAL. NOTING DG'S PROPOSAL PREPARED ON BASIS 3.23 SF TO DOLLAR AND THAT CURRENT RATE STANDS AT APPROXIMATELY 3.37, U.S. REP SOUGHT CLARIFICATION\*FROM FURTH \*S TO WHAT ACTION SECRETARIAT CONSIDERS APPROPRIATE IN VIEW STRENGTHENED POSITION OF DOLLAR AND IN EVENTUALITY ITS FURTHER STRENGTHENING BY 1975.

2. FURTH POINTED OUT AT USE OF 3.23 RATE HAS BEEN CALCULATED RISK SINCE ACTUAL RATE AT TIME OF PREPARATION OF BUDGET WAS LOWER. OBSERVED THT 3.23 RATE HAD ONLY BEEN EXCEEDED DURING PAST MONTH. IN ACCORDANCE WITH EXTABLISHED PROCEDURE, ANY SURPLUS RESULTING FROM IMPROVED DOLLAR WOULD AUTOMATICALLY ACCRUE TO ASSEMBLY SUSPENSE ACCOUNT FOR DISPOSITION ACCORDING TOM MEMBERS' WISHES. THUS MEMBERSHIP WOULD CONSTRUCTIVELY RECEIVED BENEFIT IN EVENTUALITY HIGHER RATE OBTAINS IN 1975 THAN IN PROPOSAL. FURTH THEN REVIEWED THE SPIRAL OF COSTS IN SWITZERLAND (CURRENT RATE OF 12 PCT.; FOR UNCLASSIFIED

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EXAMPLE, SOME TYPES HEATING FUEL HAD INCREASED 300 PCT. SINCE AUGUST)

AND SPECULATED THAT IF CONTINUED COST SPIRAL LEADS TO NECESSITY FOR SUPPLEMENTARY 1975 ESTIMATES, MEMBERSHIP AT THAT TIME MIGHT WISH TO DEVOTE SURPLUS IN ASSEMBLY SUSPENSE ACCOUNT TO THIS END AND THUS AVOID DIRECT LEVY ON GOVERNMENTS. ANOTHER POSSIBILITY AT THAT TIME WILL BE OF COURSE DIRECT RETURN TO GOVERNMENTS OF SURPLUS RESTING IN ASSEMBLY SUSPENSE ACCOUNT, EXPECIALLY IF ORGANIZATION SPARED CONTINUED INFLATIONARY BLOWS. FURTH UNABLE MAKE COMMITMENT AS TO WHAT MIGHT BE DONE UNDER VARIOUS EXCHANGE RATE ASSUMPTIONS SINCE IT WAS A DECSION MEMBERSHIP WOULD HAVE TO MAKE AND NOT LIKELY THIS WOULD BE DONE UNTIL SITUATION HAS UNFOLDED. HOWEVER, SECRETARIAT KEENLY AWARE EXCHANGE RATE CONSIDERATIONS UNITED STATES HAD JPOINTED OUT AND IMPORTANCE OF GOVERNMENTS RECEIVING FULL BENEFIT OF ANY IMPORVEMENT IN DOLLAR EXCHANGE RATE OVER 3.23 USED IN PROPOSAL.

3. AS NOTED IN GUIDANCE PAPER CLEARED BY DEPARTMENT (STATE 7780) DG MAHLER HAS COME FORWARD WITH MODERATE PROGRAM AND BUDGET PROPOSAL BOTH IN TERMS OF WORLD INFLATIONARY DEVELOPMENTS AS WELL AS IN TERMS OF GENERAL BUDGET LEVEL TRANDS AMONG INTERNATIONAL ORGANI\*ATIONS. SUBJECT TO THE SCRUTINY PROPOSAL DETAILS WILL RECEIVE IN EXBD IN TERMS OF PROGRAM CONTENT AND SOUND MANAGEMENT CONSIDERATIONS. U.S. REP URGENTLY RECOMMENDS HE BE AUTHORIZED TO SUPPORT DG'S PROPOSED BUDGET LEVEL OF 112,778,000 DOLLARS. OUR SUPP RT ESSENTIAL TO DISCOURAGE ATTEMPTS TO INCREASE BUDGET BY LDC'S, WHICH LIKELY TO DEVELOP DUE FACT PROPOSAL REPRESENTS NET DECREASE IN PROGRAM, AND TO STRENGTHEN OUR EFFORTS IN SUPPORTING OTHER IMPORTANT PROGRAM SHIFTS WHICH HAVE BEEN PROPOSED BY DG OR WHICH WE WILL SUPPORT DURING EXBD.BASSIN

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
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**Disposition Approved on Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** WHO: 53RD EXBD SESSION  
**TAGS:** AORG, WHO  
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